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FM AMEMBASSY YEREVAN  
TO RUEHC/SECSTATE WASHDC 7426  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
RUEHLMC/MILLENNIUM CHALLENGE CORPORATION WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000347

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E.O. 12958: DECL: 04/21/2018  
TAGS: [PGOV](#) [PREL](#) [PHUM](#) [KDEM](#) [AM](#)  
SUBJECT: CHARM OFFENSIVE OR EARLY SIGNS OF MUCH-NEEDED REFORM?

Classified By: Charge d'Affaires Joseph Pennington, reasons 1.4 (b/d)

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SUMMARY  
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¶1. (C) Several positive notes give reason for hope that the new administration is preparing a reform agenda. President Serzh Sargsian held a nationally televised meeting with top Customs officials, in which he ferociously interrogated top agency leaders -- having already fired the Customs chief -- over corruption, inefficiency, and hindering Armenia's economic development. Government insiders have strongly foreshadowed to us that Customs will be an early target for overhaul. Prime Minister Tigran Sargsian also went on the offensive in one of his first cabinet sessions, directing ministers to make their work more transparent and accessible to the public. The authorities also allowed an opposition group to hold the first rally since Sargsian's swearing-in on April 19 (interestingly, two months to the day since the flawed and contested election). The gathering attracted 4,000-5,000. END SUMMARY.

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PRESIDENT SARGSIAN BERATES CUSTOMS OFFICIALS  
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¶2. (SBU) During his televised April 17 meeting with the leadership of Armenia's State Customs Committee, Armenia's newly inaugurated president Serzh Sargsian, perhaps taking a page out of Russian president Vladimir Putin's playbook, scathingly accused customs officials of corruption and threatened to fire those who fail "to work honestly." Sargsian said the solving of Armenia's social problems depended on the collection of taxes and customs revenues, and said the government must "follow the path of self-cleansing." He accused officials present at the meeting of being complicit in corruption, both allowing it to happen and benefiting from it. He struck an anguished tone that corruption was hampering the country's economic development by taking the hardest toll on Armenia's small and medium-sized enterprises. The president's remarks followed the April 15 firing of SCC Director Armen Avetisian, widely considered a Sargsian Confidant.. President Kocharian has been known in the past to have similar televised meetings in which he pointedly criticized the Customs agency, but Sargsian's performance was conspicuously sharper than what Kocharian had previously done.

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MEDIA QUESTIONS SARGSIAN'S SINCERITY  
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¶3. (SBU) While state-controlled television aired the president's Customs meeting repeatedly without editorial comment, Armenia's opposition media reacted by questioning

the gesture's sincerity. The pro-opposition Haykakan Zhamanak (Armenian Times) said April 18 that viewers had the impression the President were acting as if he didn't know about corruption before he became president. The independent on-line news site lagir.am wrote in its editorial "The King and the Customs Officers" that abuses of the customs system would not exist "if the highest levels of government had displayed political will" to prevent them. The pro-opposition 168 Zham (168 Hours) daily acerbically noted there are more effective ways to police customs officials, such as questioning them about their purchases of expensive Hummer SUVs, noting that such cars should be well beyond any Customs officer's salary. Predicting that the authorities would take no serious steps to combat corruption at the SCC, 168 Zham declared instead that all it expected was similar "illusions" from authorities in the future.

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REACHING OUT TO CIVIL SOCIETY  
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14. (C) During his April 16-17 visit to Gyumri, Armenia's second largest city, the CDA spoke with a prominent entrepreneur and self-declared oppositionist who says Sargsian is reaching out to improve his public image. Artush Mkrtchian, a dairy distributor, said he along with prominent Armenian intellectuals had participated in two meetings with Sargsian since the beginning of April, and they are scheduled to meet again with Sargsian at the end of the month. Mkrtchian said that President Sargsian appeared genuinely interested in people's opinions of the elections and the popular mood on the street, and sought their honest feedback. An actor present at the meetings who voted for Sargsian told the new president that his vote had resulted in people publicly jeering him. Mkrtchian also told the Charge that Sargsian has created an informal group of prominent citizens to elaborate a national ideology with which ordinary citizens can identify.

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PM TO MINISTERS: OPEN UP!  
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15. (SBU) The new Prime Minister Tigran Sargsian (no relation to the president) directed ministers at one of his first cabinet sessions with them to make their work more transparent and accessible to the Armenian public. Arguing that government decisions should become a subject of public discussion, PM Sargsian ordered that government programs be posted on websites. He said "the public should have an opportunity to participate in the development of draft proposals" as well as discussions of the drafts as they make their way through the approval process. Flouting his man-of-the-times technocrat credentials, PM Sargsian also promised live on-line broadcasting of cabinet meetings, and that journalists would soon have computer access at parliament for reporting on government affairs. He also lamented that government staff do not know how to use computers, but said people should not be ashamed to learn. He drove the point home by declaring "reforms are impossible without learning."

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OPPOSITION GROUP HOLDS FIRST POST-INAUGURATION PROTEST  
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16. (SBU) On Saturday, April 19, 4,000-5,000 opposition supporters assembled at a downtown park in the first opposition rally allowed by the authorities since President Sargsian's April 9 inauguration. The two-hour-long rally at Yerevan's family-oriented "Children's Park" -- located directly across the street from Yerevan's city hall that was the scene of violent clashes on March 1-2 -- proceeded peacefully, in spite of organizers' unsuccessful pleas for an extra half hour of electricity at the end. LTP did not participate in the rally, but his wife Lyudmila did. Supporters chanted "Levon for President," and "Struggle to the End!" Several wives of opposition leaders detained after

the clashes also spoke. The AmCit spouse of jailed LTP campaign manager Alexander Arzumanyan quoted for the crowd comments made at the U.S. Helsinki Commission hearing on Armenia April 17. The wife of the fugitive LTP ally and Haykakan Zhamanak newspaper editor Nikol Pashinian also addressed the crowd. Member of parliament Suren Surenians made his first public appearance after being released from jail April 17 (pending trial). Police presence was heavy. When protesters at the end of the rally staged a spontaneous march and tried to enter Freedom Square, police blocked them.

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COMMENT  
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17. (C) We welcome the fact that the two Sargsians are using their initial forays to signal commitments to combating corruption and making government transparent. These are two areas where drastic action is long overdue. The president's quiet outreach to opposition civil society leaders is, if as reported to us, an interesting and encouraging sign that Sargsian may be trying to reach outside of his normal information bubble. As the media response indicates, however, it will take more than words to convince Armenia's jaded public that things will be different this time around. The fact that the new president uncharacteristically stuck his neck out at least puts him on the line to deliver. We are eager to see if these baby steps presage more sweeping reforms or are merely window dressing. END COMMENT.

PENNINGTON